

VZCZCXRO9902
PP RUEHAG RUEHAST RUEHBI RUEHCI RUEHDF RUEHIK RUEHLH RUEHLN RUEHLZ
RUEHPW RUEHROV RUEHVK RUEHYG
DE RUEHAH #0359/01 0800353
ZNR UUUUU ZZH
P 200353Z MAR 08
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 0460
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUCNCIS/CIS COLLECTIVE PRIORITY
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 3523
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1341
RUEHKO/AMEMBASSY TOKYO PRIORITY 1208
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1777
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEHRC/DEPT OF AGRICULTURE WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 ASHGABAT 000359

SIPDIS

SENSITIVE
SIPDIS

STATE FOR SCA/CEN, EEB
ANKARA FOR AGRICULTURAL COUNSELOR

E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [SOCI](#) [TX](#)

SUBJECT: TURKMENISTAN: MEAT MATTERS - GOVERNMENT LOSES THE PRICE
BATTLE IN THE MARKETPLACE

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: The government's efforts to use price caps to keep meat prices from rising following the introduction in mid-February of higher gasoline prices have failed. Several weeks of shenanigans between meat vendors and the government, in which vendors started increasing the price for under-the-counter sales of good-quality meat in response to government efforts to keep meat prices capped at 39,000 manat per kilogram culminated in a strike -- and the disappearance of meat -- by meat vendors at many Ashgabat markets the weekend of March 15. Three days later, the government gave in and removed its price caps. By March 18, good-quality meat reappeared in vendors' displays, but for substantially higher prices than last summer. With inflation continuing to chip away at many families' budgets, we hope that the government is creative enough to avoid rolling back its experiment with ending gasoline subsidies and its attempt to merge the two exchange rates in favor of social tranquility. END SUMMARY.

VENDORS GO ON STRIKE OVER PRICE CAPS

13. (SBU) Following up on rumors that meat vendors at some of Ashgabat's main markets were staging a strike the weekend of March 15 to protest the government's meat price cap of 39,000 manat (almost \$2.00) per kilogram of meat (primarily beef and lamb, the most common meats in the local diet), an embassy FSN checked food markets March 17. Most vendors either were not selling meat or were offering meat of very poor quality. Butcher stalls in Mir Bazaar were closed. One of the vendors at the Mir Bazaar offered beef at 58,000 manat (about \$2.80) per kilo, but only did so under the counter. While Ashgabat's Russian Bazaar had meat available at the government price, the product was of very low quality. Meanwhile, better meat was available there, too, for 58,000 manat per kilogram. At the beginning of the week, the Turkish-owned, Western-style supermarket, Yimpash, side-stepped the issue by differentiating quality and price. It offered soup beef at 45,000-48,000 manat

(approximately \$2.25) per kilogram and ground beef at 60,000 manat per kilogram, but did not sell filet. However, on March 15, its meat counters were empty except for a few dried-out strip sirloins and, weirdly but probably symbolically, a good selection of cows' feet. At Mir Bazaar that same weekend, a few vendors were offering a very limited number of high-quality local frozen chickens at 80,000 manat per kilo, rather than the previous standard price of 50,000 per kilo.

THE GOVERNMENT THROWS IN THE TOWEL

¶4. (SBU) The government lifted its price cap on March 18, allowing market forces to set the price of meat. Overnight, the Russian Bazaar, Teke Bazaar and Mir Bazaar -- Ashgabat's major food markets -- started offering good-quality beef at 58,000 manat and lamb at 55,000 manat per kilogram.

¶5. (SBU) Most local observers continue to attribute the rising meat prices primarily to increased production and transportation costs because of the increased gasoline price. A local veterinarian told an Embassy FSN that the cost of a truckload of animal feed has risen from one million manat to 3 million manat (from \$50 to \$150) due to higher shipping costs. The contact said that the government will continue to buy ultra-low quality "buffalo meat" from India and American chicken dark-meat quarters to offer alternative meat at affordable price for Turkmenistan's low-income population. As recently as two weeks ago, the American chicken quarters were still selling for 37,500 manat per kilo, and we know the government-approved importers still have a large supply in frozen storage that they had stocked up on for the New Year and February Flag Day holidays.

¶6. (SBU) COMMENT: With inflation continuing to hit citizens' pocketbooks hard, grumbling has increased substantially in recent

ASHGABAT 00000359 002 OF 002

weeks as Turkmenistanis compare the prices now with those under Niyazov. We will continue to watch how this inexperienced government deals with inflation and social expectations. We know the government is keenly worried about social unrest. And we hope that it doesn't roll back its experiment with ending gasoline subsidies and its attempt to merge the two exchange rates in favor of social tranquility. END COMMENT.

HOAGLAND